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Sparsity of population, a migratory population, and an ethnic population influence the rising costs of rural education. An important goal in financing rural education is to provide local school boards with the flexibility necessary to meet any financial needs that arise.

Local school support comes mainly from property tax, state school support from revenue on sales and income taxes, and Federal support from income tax revenue. States allocate support to local schools by granting a given amount per pupil or per classroom for all school purposes, by basing the grant on the wealth of the local school district, and by basing the grant on a fixed sum for all school districts. State aid systems consist of various combinations of these principles. Adjustment in state aid for sparsity of school population, aid for transportation, and aid for buildings can all be accommodated within this framework.

Local school boards should have the decision-making power in regard to the school program backed by the promise of sufficient financial support to put the program into practice.

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SPECIAL PROBLEMS IN FINANCING RURAL EDUCATION

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U. S. DEPARTMENT OF HEALTH, EDUCATION AND WELFARE
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SPECIAL PROBLEMS

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in a Changing Environment

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SPECIAL PROBLEMS
IN FINANCING RURAL EDUCATION

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ABSTRACT

Several special problems need to be faced in financing rural education, Sparsity of population, children of migratory workers and those from ethnic groups are factors that, in total, will probably force rural education costs up. But whether costs increase or decrease, an important goal in finance is to provide local school boards with the flexibility necessary to meet such financial problems as arise.

In the final analysis the support for schools and, for that matter, for all government comes from three main types of taxes: property, sales, and income. Local school support comes mainly from the property tax, state school support from revenue on sales and income taxes, and federal support from income tax revenue. Those interested in financing rural education, as those interested in all education, have an inherent concern about improvements in all those types of taxes.

In the final analysis, too, the power of local school boards to finance school programs is granted by the states. Whether there should be more or less local support, or more or less state support is determined mainly by what states do. What states do, should, but up to the present, hasn't, influenced federal support much.

Of $18.5 billion in school revenues in 1962-63, local schools raised 57 percent, states raised 39.4 percent, and the federal government raised 3.9 percent. States allocate support to local schools in three main ways: (a) by granting a given amount per pupil or per classroom for all school purposes as contrasted with a grant for a specific subject; (b) by basing the grant on the wealth of the local school district--equalizing--as contrasted with a grant made regardless of local wealth--nonequalizing--; (c) by basing the grant on a fixed sum such as $400 per pupil for all school districts as contrasted with the variable grant in which the local community may elect to make a greater local tax effort to improve its school program and then the state grant is increased proportionately.

In practice state aid systems consist of various combinations of these main principles. Adjustment in state aid for sparsity of school population, aid for transportation, and aid for buildings can all be accommodated within this framework. Although only several states have attempted to coordinate some of the federal aids with their state aid systems, this, too, can be accomplished by many more states.

The main premise of this analysis is that local school boards should have the decision-making power in regard to the school program backed by the promise of sufficient financial support to put the program into practice. Most boards are hamstrung in their efforts today by lack of these necessary financial resources.

SPECIAL PROBLEMS IN FINANCING RURAL EDUCATION

The special problems of financing rural education are part of the more general problem of school finance. Therefore, this paper at several points will include sufficient information on the financing of all public schools to place rural school finance in the setting in which it operates. The discussion centers on six main questions:

1. What is the educational task of rural education?

2. What are the resources for supporting rural education?

3. What authority do school boards have for establishing the school program and financing it?

4. How do states support rural education?

5. What kind of federal support does rural education receive?

6. What are some of the possible future directions for rural school finance?

EDUCATIONAL TASK OF RURAL EDUCATION

Other papers in this series will outline in greater detail the educational job facing rural America. Only a general outline is needed here for the purpose of discussin what the financial problems are.

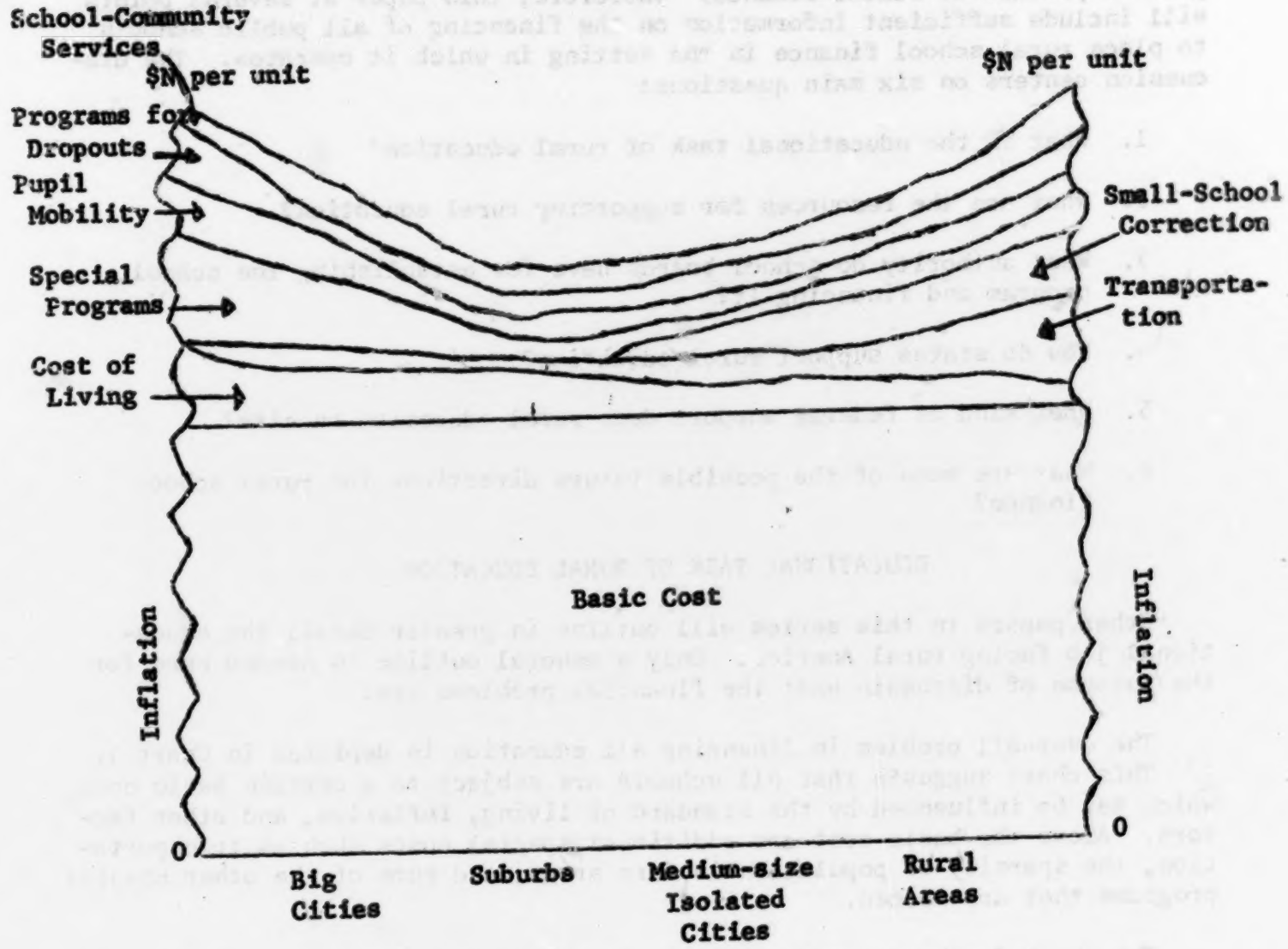
The over-all problem in financing all education is depicted in Chart 1. 1/ This chart suggests that all schools are subject to a certain basic cost, which may be influenced by the standard of living, inflation, and other factors. Above the basic cost are additional special costs such as transportation, the sparsity of population in farm areas, and some of the other special programs that are needed.

The chart further suggests that it is likely that the cost per pupil will be highest in the big cities and in the rural areas if the special costs connected with what should be accomplished are considered. This hypothetical framework can be contrasted with what now is actually spent on education where suburban areas tend to lead in expenditures per pupil.

Not detailed in Chart 1 are certain special groups whose education, if provided at all, is a responsibility of rural education. Among these groups are children of migratory workers, children who live in a bilingual environment, and children from different ethnic groups.

Another very large factor in the total cost of education is the sheer increasing number of school-age children. Information coming from the U. S. Bureau of the Census shows that the farm population including those of school age is decreasing. However, the nonfarm rural population is increasing rapidly. This increase in numbers is driving total costs way up, although

CHART 1



per pupil costs may be increasing only slowly.

There is not a school or a census breakdown that defines the number of rural children in a way that applies uniformly to state school finance systems. Fortunately, this specificity is not required for describing important aspects of rural school finance problems. In general, the children involved are those who reside in a rural environment or in surroundings essentially rural in character. 2/

If rural education is to be improved, many innovations will be needed; many have already been tried. The reader may be familiar with the studies of the conditions under which the children of migratory workers live, the ways that instruction in small schools can be improved, such as the Catskill Area Project in New York State and Small High School Project in

Colorado, and the array of newer educational media available -- programmed learning, educational television, paperback books -- for helping to solve instructional problems.

It is not necessary to assume that solutions to rural educational problems will necessarily involve added costs. School finance structure should be developed so that it works as well when costs decrease as when costs increase. However, the pressures are such that costs are likely to increase. The outlook for the continued rise in our standard of living is only one factor which strongly attests to this.

The kind of finance structure with which we should be concerned is one which will enable local boards of education to provide the kind of education needed by all children so that they can be effective workers and citizens, whether they remain in their home community or migrate.

RESOURCES FOR SUPPORTING RURAL EDUCATION

Financial resources for all governmental services, including rural education, come mainly from taxes on property, taxes on sales, and taxes on income. Here, again, other papers will deal in much greater detail with the economic background for rural education. It is necessary, however, to indicate a few general facts that bear on the financing problem.

PROPERTY TAX

Of the various types of taxes, the property tax is second in fiscal importance. It is very important to most local governments and is almost the sole local resource of school districts. Table 3 shows that 57 percent of school revenue comes from local sources. In a recent year, about 94 percent of this local share was raised by taxes on property. 4/

The property tax has received severe criticism from many sources. 5/ A common complaint is that assessments within a taxing district vary widely as they do between taxing districts. In many taxing districts, assessments are made at only a minor fraction of the full value of the property. Some property is partially exempt from taxation through homestead exemptions and veterans' exemptions, and other types of property are completely exempt. These practices tend to limit and to shrink the property tax base.

On the other hand, for at least the past decade the property tax has met new demands made upon it year by year. Increased revenues have come in part from new construction, from increased valuations, and from higher tax rates. Between 1956 and 1961 the national total of assessed values rose from $272.4 billion to $355.7 billion, and total property tax revenue for the same period increased from $11.7 billion to $18.0 billion. 6/

TABLE 1 3/

TOTAL TAX COLLECTIONS FOR 1961 OF LOCAL, STATE, AND FEDERAL GOVERNMENTS IN ORDER OF FISCAL IMPORTANCE
(Exclusive of Payroll Taxes)

Tax	Percent of Total collections of $116,331 millions
1	2
Income	57.0%
Property	15.4
Motor fuels	5.0
General sales	4.7
Alcoholic beverages	3.4
Motor vehicles	3.2
Tobacco	2.6
Death and gift	2.1
Customs	.8
Others	5.8
	100.0%

Sources: Federal motor vehicle tax collections data from 1961 Annual Report of the Commissioner of Internal Revenue. State general sales, use, and gross receipts, motor vehicle, and alcoholic beverage tax collection data from Compendium of State Government Finances in 1961. All other date from Government Finances in 1961. Both published by the United States Bureau of the Census.

Some states and the localities within them use the property tax much more heavily than other states and localities. There are many communities in which the question of increased property tax rates is very serious. In general, the higher property tax states are Eastern, Northern, and Western states, and the lower property tax states are Southern. Therefore, one cannot make a flat assertion on whether or not more revenue for schools can be expected from the property tax. Each community must be examined separately for the answer to this question.

SALES AND INCOME TAXES

If one combines selective sales taxes on such items as tobacco and gasoline with general sales taxes, the combined group is about the same as the property tax in fiscal importance. Sales taxes provide much of the revenue for state governments.

The income tax in some form is used by over two-thirds of the states, but the vast preponderance of income tax collections are made by the federal government.

For rural school finance and for all school finance this brief outline of tax resources suggests that if increased financing is to come from local communities, this means essentially a decision to raise property taxes. If state school aid is to be increased, the revenues will come in large part from sales and income taxes; and, if federal support is increased, the revenue will come mainly from income taxes.

Another fact of importance in making decisions on taxes is provided in a recent study in New York State which showed that about 90 percent of the taxable resources in the state, regardless of how measured, are located in the seven metropolitan areas of the state. 7/

AUTHORITY OF SCHOOL BOARDS ON PROGRAM AND FINANCE

The power of local boards of education in regard to the school program and school finance is governed by the responsibility that has been delegated to them by the state. In most states the only authority local boards have in finance is that of certifying a levy on the property tax, and in many states narrow limits are placed on this authority. This means that, in the absence of aid from the state or the federal government, if a school board wants to implement changes in a program that requires additional finance, the revenue must be raised from the local property tax.

Many situations that rural school boards face require flexibility in financial arrangements. If they are to gain flexibility, it will be through the state. Thus, the healthiness of local finance depends upon state law.

The crucial position of the state also extends toward federal support for education. This fact is only beginning to be realized by a few states that are coordinating the federal aid for federally impacted areas into the state school finance systems.

There are many unresolved problems in these relationships but the important point is that good state school finance policy will influence both local finance and federal finance.

STATE SUPPORT FOR RURAL EDUCATION

Educational costs consist of the purchase of teaching service, of the different kinds of materials for instruction, of buildings and equipment. Comparable figures on cost components are difficult to find, and it is even more difficult to find figures for cost comparisons between rural and urban schools. However, recent figures on over-all costs by states provide some useful information.

TABLE 2

ESTIMATED EXPENDITURES FOR PUBLIC SCHOOLS, 1962-63

State	Per pupil in ADA	State	Per pupil in ADA
1	2	1	2
50 States and D.C.	$432.00	Nebraska	$355.00
		Nevada	441.00*
Alabama*	255.00		
Alaska	620.00 a/	New Hampshire	399.00
Arizona	445.00	New Jersey	556.00
Arkansas	279.23	New Mexico	421.00
		New York	645.00
California	515.54 b/		
Colorado	437.00	North Carolina	297.00
Connecticut	522.00	North Dakota	395.00
Delaware	502.00	Ohio	422.45
		Oklahoma	342.00
Florida	347.00		
Georgia	297.76	Oregon	501.94
Hawaii	382.00	Pennsylvania	464.00
Idaho	314.00	Rhode Island	467.00
		South Carolina	236.94
Illinois	526.04		
Indiana*	405.00	South Dakota	390.00
Iowa	414.00	Tennessee	262.00
Kansas	422.00	Texas	379.00
		Utah	354.00
Kentucky	275.00		
Louisiana	379.00	Vermont	362.00
Maine	338.00	Virginia	335.00
Maryland	469.00	Washington	488.00
		West Virginia	297.50
Massachusetts	465.00		
Michigan	447.00	Wisconsin	467.00
Minnesota	480.00	Wyoming	510.00
Mississippi	230.00		
		District of Columbia	455.72
Missouri	404.92		
Montana	459.00		

* Estimated by NEA Research Division.

a/ Based on Consumer Price Index of 106.1, U.S. Bureau of Labor Statistics, September 1962.

b/ ADA used in calculating per-pupil expenditures excludes excused absences.

Table 2 8/ shows that for the 1962-63 school year the estimated cost of education per pupil in average daily attendance was $432. This figure is for the United States as a whole and includes the cost of such items as instruction and transportation but excludes the cost of buildings. (Since there is much fluctuation from year to year in construction (capital outlay), it is usually omitted from cost-per-pupil figures. Also, average daily attendance is used because of the accuracy of the daily count, although this results in a higher unit cost figure than if cost-per-pupil enrolled were used.)

The per pupil cost was much higher in some states than in others. The estimated expenditure for New York was $645 per pupil, the highest state average; that for Mississippi was $230, the lowest state average.

These 1962-63 cost figures are not available for rural schools separately, but it is generally known that the average-per-pupil expenditure in rural schools is lower than that in urban schools if one eliminates several extreme cases in both categories. Several years ago the average expenditure in the most rural counties was about two-thirds of the expenditure in the most urban counties. 9/

In addition to the generally lower level of expenditure in rural schools than in urban, the expenditure varies widely among the rural schools themselves. An argument can be made that some difference in costs is normal because of differences in the price of the elements that go into providing education. On the other hand, expenditure variations are so extreme that it is unlikely that those on the low end of the expenditure scale are able to purchase the same quality of instruction as those on the upper end of the scale.

If the expenditures are to be made, revenues must be raised. Table 3 shows that the total estimated revenue for the public schools in the 50 states and the District of Columbia was $18.5 billion for 1962-63. 10/ Almost all this revenue for schools comes from taxes: 3.6 percent was provided by the federal government; 39.4 percent was provided by the state government; and 57.0 percent was provided by local governments, mostly school districts but including counties in states where some school revenue is raised on a county basis.

The proportion of school revenue from the federal government is not very high for any state, with the exception of Alaska. But the proportionate amounts of state and local revenues vary widely among the states. In Delaware the state provided 81.1 percent of the revenue, the highest level of state support. The lowest level of state support was in Nebraska, which provided 6.0 percent.

There is no special value as such in a certain percent of school revenue being derived from state sources. However, greater state revenues for schools can greatly increase the flexibility of local school finance. Much of the literature on state school finance centers around a discussion of the foundation program which is essentially a method by which state revenue is distributed. The analysis here, however, consists of a framework that can be

TABLE 3

ESTIMATED REVENUE RECEIPTS, 1962-63

State	Percent of revenue receipts of $18.5 illion by source		
	Federal	State	Local and others a/
1	2	3	4
50 States and D.C.	3.6% b/	39.4%	57.0%
Alabama*	6.0	66.7	27.3
Alaska	24.9	55.7	19.4
Arizona	7.3	35.7	57.0
Arkansas	8.5	45.9	45.6
California	3.5	39.8	56.7
Colorado	4.6	24.3	71.1
Connecticut	2.2	35.4	62.4
Delaware	3.0	81.1	15.9
Florida c/	3.9 d/	53.0 d/	43.1
Georgia	4.9	66.4	28.7
Hawaii	8.3	66.2	25.5
Idaho	3.8	32.4	63.8
Illinois	2.8	19.8	77.4
Indiana*	3.6	30.7	65.7
Iowa	2.0	12.5	85.5
Kansas	4.1	20.8	75.1
Kentucky	4.4	58.2	37.4
Louisiana	2.0	68.5	29.5
Maine	5.7	24.7	69.6
Maryland	5.5	35.9	58.6
Massachusetts	4.9	24.1	71.0
Michigan	2.7	42.8	54.5
Minnesota	2.6	37.1	60.3
Mississippi	5.8	60.0	34.2
Missouri	2.6	34.9	62.5
Montana	4.9	23.2	71.9
Nebraska	4.3	6.0	89.7
Nevada	7.8	53.1	39.1
New Hampshire	5.2	6.7	88.1
New Jersey	2.3	22.8	74.9
New Mexico	11.5	76.7	11.8
New York	1.7	44.2	54.1

TABLE 3 (continued)

ESTIMATED REVENUE RECEIPTS, 1962-63

State	Percent of revenue receipts of $18.5 billion by source		
	Federal	State	Local and others a/
1	2	3	4
North Carolina	5.0%	69.8%	25.2%
North Dakota	5.8	25.0	69.2
Ohio	2.4	22.7	74.9
Oklahoma	8.3	28.3	63.4
Oregon	4.4	29.5	66.1
Pennsylvania	3.0	42.0	55.0
Rhode Island	4.4	26.4	69.2
South Carolina	7.4	65.6	27.0
South Dakota	9.0	11.8	79.2
Tennessee	4.1	55.0	40.9 e/
Texas	3.1	52.3	44.6
Utah f/	4.8	48.6	46.6
Vermont	2.9	22.2	74.9
Virginia	6.1	40.9	53.0
Washington	4.9	62.0	33.1
West Virginia	4.5	55.3	40.2
Wisconsin	2.8	23.9	73.3
Wyoming	2.7	42.4	54.9
District of Columbia	13.7	. . .	86.3

* Estimated by NEA Research Division.

a/ Includes revenue receipts from local and intermediate sources and gifts and tuition and fees from patrons.

b/ In collecting this information no special effort was made to include the money value of commodities distributed under the School Lunch Program. It is possible that many states have not included such monies in reporting federal revenue receipts.

c/ Includes receipts for public junior colleges.

d/ Federal funds for vocational education and NDEA program have been included as state revenue.

e/ Includes funds of city and county governments for debt service for school buildings amounting to $19,000,000.

f/ Original figures for revenue receipts have been adjusted by NEA Research Division to include funds for school lunch program not covered by the sale of meals.

applied to any state, whether or not its state school finance program is formally designated as a foundation program. In this framework every grant by the state to local school systems may be considered to be (1) a general grant or a grant for a specific purpose; (2) it may be based upon the concept of equalization of educational costs to local communities or it may be a nonequalizing grant, a flat grant; or (3) it may be a fixed amount per pupil or per classroom, or the amount may vary with local costs. 11/

A general grant is a sum which is provided for all or most of the usual school functions. Thus it might be a sum such as $100 per pupil or $3,000 per classroom provided for the usual school expenses. A specific purpose grant is one that is provided usually for a single service such as for science instruction or for transportation.

An equalizing grant is one in which the specific amount depends in part upon the wealth of a community. For example, if the over-all sum in which the state and the local community share is $100, a community of average wealth might by local taxes raise $50 of the $100, and the state grant would amount to $50. A poorer community at the same rate of taxation might raise only $25, and the state grant would be $75. Or in a community of greater wealth, the local share might be $75, and then the state grant would be $25. In each instance the local tax rate would be the same if the equalization were ideal. A nonequalizing grant -- flat grant -- is a stated sum per unit of need that is provided without regard for the wealth of the local community.

A fixed grant is a finance system in which the state and the local community share in supporting a unit of educational need, one, for example, such as $400 per pupil. It differs from a flat grant in that the flat grant is a fixed sum provided by the state without regard to a local share. A variable grant system is one in which a local community may elect to make a greater tax effort to support a higher cost level of education such as $450, and the state then maintains its proportionate share of the higher level. If the variable grant is combined with equalization, such a system would permit poorer communities to support the same cost level as wealthier communities at the same rate of local taxation. In many respects the variable grant on an equalization basis and for general purposes is regarded as an ideal way for financing schools.

In actual practice state finance systems consist of mixtures of several of all these types. Many of the grants affecting rural education are specific grants, which in the following paragraphs are described under these topics:

1. Adjustment for sparsity of school population
2. Support for pupil transportation
3. Support for buildings
4. Support for junior colleges.

ADJUSTMENT FOR SPARSITY OF SCHOOL POPULATION

The adjustment for sparsity of population may be made on the unit of educational need regardless of the type of state grant. The theory is that

since classes in a minimum number of grades and subjects need to be maintained, these classes might actually have fewer pupils than a normal class of 25 pupils; and yet, it is reasonable to expect the cost of the smaller class to be about the same as that of the usual one. Thus, the small classes (classes in school districts of certain enrollments) are assigned weights to compensate for size. Also, one assumes that no better educational alternative is available to these pupils within the given cost ranges.

For example, in Kansas 12/ one weighting factor in the apportionment of the elementary school finance fund is that one classroom unit is allotted for each one-teacher school with ten or more pupils. For units with two or more teachers the weightings are as follows:

Enrollment	Classroom units allotted
First 12 pupils	1
13 - 48 pupils	3 + 1/18 per each pupil over 12
49 - 360 pupils	3 + 1/24 per each pupil over 48
361 - 2,460 pupils	16 + 1/28 per each pupil over 360
Over 2,460 pupils	91 + 1/32 per each pupil over 2,460

There is a separate weighting in Kansas for the apportionment of the state high-school finance fund.

Weights are used in North Dakota 13/ for the apportionment of the state equalization fund. This system combines weightings for sparsity of school population and for the higher costs of high-school education. The weightings are 1.5 for one-room rural schools for the first 16 pupils in average daily membership, 1.25 for elementary schools with less than 100 pupils for the first 20 pupils, and 1.32 for high schools. For situations not specified the weighting is 1.0.

One problem with weightings for sparsity is that the system may actually keep some schools in existence when alternate plans for the education for the children might hold better promise. Recently, the sparsity corrections in state aid laws have been questioned on two counts: They often are based upon actual expenditures; and they have contributed to the rural-urban divisiveness in state legislatures when co-operation might well have served better all groups. 14/ This approach to state school finance requires additional study.

SUPPORT FOR PUPIL TRANSPORTATION

One can maintain that transportation in itself is not educational and that therefore the state should bear the full cost. However, most states share the cost of pupil transportation as a specific aid. Beyond being treated as specific, aid for transportation is granted on both the equalization and nonequalization basis, and is granted as some portion of a fixed sum such as $50 per pupil transported or on a variable base such as the total cost of pupils transported.

For example, transportation aid in Wisconsin 15/ is specific in purpose, nonequalizing, and fixed. All school districts must provide transportation for resident pupils residing two or more miles from school. For those who are transported distances of two to five miles the state grants $24 per pupil per year; for those who are transported over five miles, the state grants $36.

In Nevada 16/ transportation aid is general in purpose, equalizing, and variable. Half the cost of transportation, excluding the cost of new buses, is one of the factors in the apportionment of the distributive school fund through which 99.2 percent of the state funds are granted. Equalization comes through the feature which ties the entire program to the yield of a 7-mill local tax.

Alternate means of transportation need to be considered in accomplishing the educational objectives for rural children. In very isolated areas some air transportation may be needed. Transportation, too, is the section in state school finance plans where the alternative of board and lodging is specified if offered as a solution to the sparsity problem. Perhaps some of the newer instructional media such as programmed learning, television, films, and correspondence can receive wider experimentation for some of the especially troublesome problems.

SUPPORT FOR BUILDINGS

Some state assistance for buildings will benefit rural education, especially when the road to improvement is sought through reorganization of school districts. There are two troublesome areas in regard to buildings: One is the authority of local school districts to borrow the money for buildings, and the other is the raising of revenues to pay for them.

In most states, the amount of debt that can be incurred by most school districts is limited to a stated percent of the district's total property valuation. This commonly is a limit such as 10 percent of the assessed valuation. The problem with the debt limitation being placed on the assessed value of property is that it is often low in relation to the true value. According to the U. S. Bureau of the Census, on the average, property in the United States is assessed at about 30 percent of true value.

The other aspect of the problem of assessed valuations is that their relation to full valuations among districts vary widely. Thus, school districts in many states are not on an even base for the purpose of borrowing. The remedy for this situation is to amend the state constitution or statutes--in whichever place the limiting authority resides--so that debt limits are on the full valuation.

But, to provide realistic debt limits, does not care for the problem of raising the revenue to meet the debt service requirements. About three-fifths of the states grant funds for capital purposes, with most of the grants being specified for the immediate capital payment and a minor percent applicable to payment of amortized debt and interest.

The state of Washington 17/ is a good example of a program of building aid. It can be described as specific in purpose, equalizing, and variable. The allocation formula provides an amount of assistance graduated downward from 90 percent to zero of the cost of approved projects.

SUPPORT FOR JUNIOR COLLEGES

Rural youth should have as much opportunity for education for the thirteenth and fourteenth years as urban youth. With the present expanded age groups of youth in high school today it is only a matter of a year or two until the already swelling pressure for junior college opportunities will be greatly intensified.

Organization and finance for junior colleges are both in the formative state. In 1960-61 there were 452 institutions that could be classed as public two-year colleges. Of the total, 303 were local two-year colleges, 22 were state two-year colleges, 12 were state technical institutes, 89 were branch or extension centers, and 27 were in a miscellaneous group. 18/

Two approaches for financing local junior colleges are being used. One permits a tuition charge, the other does not. In states like Kansas and California junior college education is provided tuition free. Thus, in Kansas all funds for the operation of local junior colleges comes from the local school district. In California, 78 percent of current operational funds come from local sources and 22 percent from the state. In California the state aid is specific as to level of schooling and equalizing. The foundation amount is fixed at $543 per student, with a floor for state aid set at a minimum of $125.

In most other states that have local junior colleges, tuition is charged. The pattern of Maryland and New York is that one-third of the operational funds come from state sources, one-third from local sources, and one-third from student tuition.

One question which needs serious consideration as thirteenth- and fourteenth-year education is provided through local school systems is whether, with current methods of school finance, their local development requires a substantial increase in the property tax. The advantage is that this ties the junior colleges into a system of local school government that has served well the operation of elementary and secondary schools. However, the question of further demands on the property tax is so important that alternate ways for development of junior colleges should be explored.

Several years ago an important proposal was suggested for Illinois, although as yet it has not been adopted. 19/ It would create a state system of junior colleges. For this purpose the state would be divided into 10 regions, but there would be more than 10 school centers. Both academic and technical curricula would be offered--not all at each school, but in strategic locations and in a co-ordinated system. For financing the system, one method suggested was for outright state support; another method was for a combination of state and regional taxes. Under both methods tuition of not to exceed $150 annually per student could be charged.

If states can move on an imaginative approach to education for the thirteenth and fourteenth years, both rural and urban youth will benefit as will the state and nation.

FEDERAL SUPPORT FOR RURAL EDUCATION

Table 3 on page 8 shows that public schools received an estimated 3.6 percent of their revenue from the federal government for the 1962-63 school year. Most of the federal funds are provided for a few specific programs. Among the more prominent of these programs are those for vocational agricultural education and home economics school lunches, support in school districts in which federal activities have caused a marked influx of school population (impacted area aid), and for certain parts of the National Defense Education Act. In terms of the analysis of state aid programs of the preceding section, most federal support is for specific purposes, is nonequalizing in local districts, and is fixed in amount.

VOCATIONAL EDUCATION

Support for vocational education could well have been discussed in the preceding section on state aid as one of the specific ways that states aid education. However, the description follows here, since development of vocational education has been connected so closely with the stimulation it received with the passage of the federal Smith-Hughes Act in 1917.

The Smith-Hughes Act originally provided for federal co-operation with the states for education in agriculture, home economics, and trades and industries. In 1936, federal funds were added for training in distributive occupations. In 1956 the scope of federally aided vocational education was enlarged to include support for practical nurse training and for training in the fishery trades and industries. In 1958, Title VIII of the National Defense Education Act provided support for training highly skilled technicians necessary for national defense in the area vocational education program. 20/ At the time of writing this paper, increased vocational education support by the federal government was under consideration by the Congress.

The federal appropriations for vocational education are designed to stimulate instruction in the specified fields. The federal funds require dollar-for-dollar matching with state or local funds. As these programs have developed, state and local funds have outstripped federal funds. During the 1958-59 school year, of the $231 million expenditure for vocational education, $186 million was supplied by state and local governments; the remaining 19 percent, by the federal. 21/

One of the problems with having special emphasis on vocational education is that the training in small high schools is largely confined to agriculture and home economics. Yet about half the farm youth can be expected to migrate to cities. Also, not more than two-thirds of employed persons who reside in rural farm areas are actually engaged in agriculture. These facts suggest a need for categories which are less narrow, so that states and localities can develop programs of vocational education more closely related to the subsequent employment opportunities for youth.

SCHOOL LUNCH PROGRAM

For the 1959-60 school year the value of the federal funds and commodities for the school program was $306 million, and the special milk program provided another $79 million. Under recent legislation these funds are apportioned on the basis of the number of children actually in the school lunch program, and there is some equalization. From the standpoint of school finance these funds are not educational funds as such; but, in working for the flexibility needed to finance programs for the underprivileged, such as the migrant workers, assistance from every source is needed. 22/

FEDERALLY AFFECTED AREAS

Public Law 874 provides funds for the current operation of schools and Public Law 815 provides assistance for school construction in areas where the federal government has an obligation to share the costs of education of children whose parents live or work on federal property, such as Army bases, Navy shipyards, airfields, and missle installations. The federal share is based upon several categories of federal involvement and upon school costs typical of the area. Payments are made directly to the school systems involved. In 1959-60, there were 3,750 districts eligible for support of the current operation of schools, and the amount appropriated by Congress was $186 million. On October 2, 1959, there were 4,518 construction projects for which federal funds were reserved, and for the 1958-59 school year $76 million of federal constructions funds were disbursed. 23/

Probably not much of this support is of direct help in financing rural education. Yet there are exceptions such as the provision for helping educate children residing on tax-exempt Indian lands in the Western states. Of general interest, however, is the fact that in this program federal funds for the current operation of schools is granted as general aid as distinct from almost all other federal programs which are for specific purposes. This program demonstrates that the federal government can provide general support for schools, and that under it there has been no control of school curriculum.

NATIONAL DEFENSE EDUCATION ACT

Title III of the National Defense Education Act provides, among other things, for assistance to local school systems for acquiring equipment and undertaking minor remodeling to strengthen instruction in science, mathematics, and modern foreign languages. Title V-A provides assistance to the states for establishing and maintaining programs for testing students in secondary schools and for providing them with counseling services. Funds granted under these programs are subject to state or local matching. 24/

An argument against support for specific subjects is that these subjects may be emphasized at the expense of other subjects which may be just as much in need of support. On the other hand, the amount of aid under the National Defense Education Act has been small and has stimulated improvement in the subjects covered. One proposed modification to the National Defense Education Act is to add English, social studies, and possibly other subjects to its provisions for aid and thus round out the program. A counter proposal is

that any additional federal aid should be for general school purposes so that local school boards can decide for what the allocation should be used.

FUTURE DIRECTIONS FOR RURAL SCHOOL FINANCE

While problems in many areas abound and citizens are anxious about the costs of all government, in a country as affluent as the United States the crucial problem is how to marshal only a small portion of this affluence to accomplish the educational task. For those interested in financing rural education there are several approaches that will help solve the problem.

Although most local school boards do not administer the property tax, their interest in it is so direct that they and all concerned citizens should encourage property tax administrators and state legislators to propose and work for reform of the property tax.

This same support should also flow to the state and federal governments when tax reforms and improvements are proposed on sales taxes and income taxes.

The two preceding suggestions underscore the fact that the schools just do not have enough money to do the educational job as well as it should be done. This need for adequacy of finance will have to be more fully recognized by all citizens in the years ahead.

If men of good will can meet, look at the facts, and make decisions appropriate to the needs, rural school finance will be improved in the years ahead.

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